



United States Department of Agriculture
Risk Management Agency

April 2005

2005 COMMODITY INSURANCE FACT SHEET

Tobacco (Flue, Fire, Dark Air) Virginia

Crop Insured

The tobacco production guarantee policy in Virginia covers tobacco types 11A, 21, and 37.

This fact sheet does **not** apply to burley tobacco (type 31).

NOTE ON QUOTA BUY-OUT— The termination of the quota poundage program will not change the way these types are insured for 2005. Producer classifications have been published as before and will be used to determine 2005 coverage. Producers will have to report their 2005 acreage and production (see definition of production report in next column).

Counties Available

Flue-cured, fire-cured, and dark air tobacco insurance is available in counties that have historically produced tobacco under the former quota program. Such types may be insured in other counties if specific criteria are met. Contact an agent for more details.

Causes of Loss

Adverse weather conditions¹
Disease²
Failure of irrigation water supply³
Fire
Insects²
Wildlife

¹Natural perils such as hail, excess precipitation, drought, wind, etc. ²If proper applications of disease or pest control measures are applied.
³If caused by an insurable peril during the insurance period

Insurance Period

Coverage begins at the time of transplanting and ends the earliest of:

1. Total destruction of the crop
2. Weighing-in at point of delivery
3. Final adjustment of a loss
4. Removal of the tobacco from the field where grown (except for curing, grading, packing, or immediate delivery to a buying point)
5. November 30, 2005 for Type 11A
6. March 15, 2006 for Types 21 and 37.

Important Dates

Sales Closing..... March 15, 2005

Final planting and acreage report dates vary by county and type. Contact a crop insurance agent for specific dates in your county.

Price Election

TYPES	PRICE ELECTION
11A Flue-Cured	\$1.20
21 Fire-Cured	\$1.80
37 Dark Air	\$1.70

Definitions

Producer Classification— Producer classifications are published on the FCI-32 actuarial classification listing on file with your agent. A classification reflects a producer's approved yield and is based on Farm Service Agency production records. For 2005, coverage guarantees for all insureds with published producer classifications on the FCI-32 will be determined as in past years.

NOTE: For producers without a classification published on the FCI-32 listing, coverage will be determined according to the guidelines published on the Rules Page of the FCI-32.

Production Report— Beginning in 2006, you will be required to provide a report of your previous year's tobacco crop acreage and production to your agent. This report will be due by the production reporting date. For your 2005 tobacco crop, the production report will be due before April 30, 2006.

Coverage Levels and Premium Subsidies

Coverage level options range from 50 to 75 percent of your approved yield and are subsidized as follows:

Coverage Level % →	50	55	60	65	70	75
Premium Subsidy %	67	64	64	59	59	55
Your Premium Share %	33	36	36	41	41	45

Catastrophic (CAT) coverage is fixed at 50 percent of your approved yield and 55 percent of the price election. CAT is 100 percent subsidized with no premium cost to you except for a \$100 administrative fee, regardless of acreage.

Duties in the Event of Damage or Loss

- If crop damage occurs, give notice within 72 hours of initial discovery of damage.
- Protect the crop from further damage if possible by providing sufficient care.
- If representative samples are required of any unharvested acreage, the strips must be at least 5 feet wide (at least two rows), extending the entire length of the field. Samples must not be harvested or destroyed until after a field inspection is made.
- For flue-cured tobacco (type 11A), if you give notice of damage, you must leave all tobacco stalks and stubble intact until inspected.

Insurance Units

Your insurable acreage is grouped into a unit based on one of the following unit arrangements.

Basic Units: A basic insurance unit includes all of your tobacco acreage, by type, in the county in which you have 100-percent share. For example, the tobacco acreage on your own farm (including any cash-rented land) would all be one basic unit. If you also grew tobacco on shares with another entity, that acreage would be a separate basic unit. Premiums are reduced 10 percent if you insure under basic units.

Optional Units: If a basic unit consists of two or more farm serial numbers (FSN) and certain record-keeping criteria are met, you may select optional units by FSN. The 10-percent basic unit premium discount will not apply.

Late Planting

For any insured acreage initially planted after the final planting date (FPD), the production guarantee will be reduced as follows:

1. One percent per day if planted during the 1st through the 10th day immediately following the FPD;
2. Two percent per day if planted during the 11th through the 15th day after the FPD.

The premium amount for late planted acreage will be the same as for timely planted acreage.

Prevented Planting

Prevented planting provisions do not apply.

Loss Example

This example is for flue-cured tobacco and assumes 70-percent coverage level, classification yield of 2250 pounds per acre, price election of \$1.20, and basic units.

2,250	Producer's average yield
x .70	Coverage level
1,575	Pounds per acre guarantee
= 575	Pounds per acre harvested
1,000	Pounds per acre loss
x \$1.20	Price election
\$1,200	Gross indemnity per acre
= \$24	Estimated premium per acre
\$1,176	Net indemnity per acre

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